

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors of the Company present the audited financial statements for the year ended December 31, 2018.

BUSINESS REVIEW

The Company continued to build upon its core life and health insurance businesses. Gross Premium for the year ended 2018 was Rs. 435 million which has improved by 61% as compared to Rs.270 million last year. During the year, premium from corporate business is Rs. 396 million from Retail business is Rs. 39 million compared to Rs. 239 million & Rs. 31 million respectively for same period of 2017.

The Company has allotted respectively 2 million and 10 million Right shares at Rs. 10 per shares to TPL Corp Ltd. and Sindh Bank Limited to meet the minimum capital, solvency and working capital requirements.

Furthermore, another right offer for 10 million shares was duly subscribed by TPL Corp Ltd and subsequent to the year end the same has been allotted to them. The relevant statutory filings have been duly completed.

Further, the Parent Company i.e. TPL Corp Ltd. has confirmed that it is cognizant of the regulatory capital and solvency requirements applicable to the Company and intends to ensure compliance at all times.

During the year, the gross premium written was as follows:

Statutory Funds	Gross Premium		Variance %
	2018	2017	
Individual Life unit Linked	25,525	21,624	18.04
Conventional Business	57,360	26,056	120.14
Accident & Health Business	352,311	222,153	58.59
Total	435,197	269,833	61.28

The after tax loss for the year was Rs. 200.05 million (2017: Rs. 171.71 million). Reasons include building-up of the risk based solvency margin for life business as well as startup and revamping cost for life and health insurance operations. Main costs include organizational restructuring, HR, IT and Operational infrastructure cost.

The financial highlights of the performance of the Company for the last six years are tabulated as follows:



	2018	2017	2016	2015	2014	2013
Rs. in "000"						
Gross Premium	435,197	269,833	116,279	434,253	341,502	723,235
Gross Claim	268,924	85,451	154,649	383,837	270,548	679,218
Policy Acquisition Cost	36,161	32,455	8,577	23,941	17,867	29,643
Management Expenses	260,386	246,294	159,578	143,273	146,435	146,284
Investment Income	20,818	18,436	28,560	34,434	56,670	109,434
Profit /(Loss) before tax	(199,906)	(171,582)	(76,275)	(99,635)	(49,866)	15,038
Policyholder Liabilities	207,499	138,075	39,179	142,208	126,687	114,817
EPS (In Rupees)	(2.73)	0.15	(0.02)	0.03	0.28	1.11

The company paid total health and life claims of Rs. 257 million during the period with health claims to the tune of Rs. 228 million and life insurance claims of Rs. 29 million with the single largest death claim amounting to Rs.6 million.

The Company has a reinsurance arrangement with Hannover Re having awarded "AA-" rating by Standard & Poor's. The management believes that the reinsurance support provides diversification of risk and depth to the underwriting capacity of the Company.

The Board is pleased to report that the Company has maintained IFS (Insurer Financial Strength) rating of Company A- (Single A minus) by PACRA.

AUDITORS

The present auditors M/S Ernst & Young Ford Rhodes, Chartered Accountants have completed the tenure of their engagement with the Company. On request by the Company to the SECP, extension has been granted to keep their engagement for another term. The Board, on the recommendation of the Audit Committee, has proposed their re-appointment as external auditors of the Company for the year ending December 31, 2019, subject to approval of shareholders in the Annual General Meeting .

RETIREMENT BENEFITS

The Company has maintained un-funded Provident Fund Scheme whereby the staff and company share equally at 8.33% of basic salary. Further subsequent to the year end the Provident Fund has been registered with FBR and in process of approvals from Commissioner. Balance of unfunded Provident Fund as at December 31, 2018 was Rs. 15.068 million and 2017 Rs.9.836 million

